

TREASURY COMMENTARY – 27th February 2025

DOMESTIC MARKET

USD/LKR

The USD/LKR market is active and is trading around the level of 294.25 and 296.75. The rupee has depreciated by approximately 0.51% against the USD from the beginning of the year.

USD/LKR Market Volume (USD Mn) on 25.02.2025

Cash	0.60
Tom	-
Spot	31.50
Forward	26.90

MONEY

Overnight call-money traded at 7.98% on Tuesday (25.02.2025). Net market liquidity was a surplus of Rs 151.07 Bn on Tuesday from a surplus of Rs 159.65 Bn on Monday.

GLOBAL MARKETS

FOREIGN EXCHANGE

The U.S. dollar firmed above an 11-week trough on Thursday as vague pledges from President Donald Trump to impose tariffs on Europe and further delays to levies planned for Canada and Mexico stoked uncertainty.

The euro was down 0.06% at \$1.0479. Sterling hovered below Wednesday's more than two-month high of \$1.2717 and last fetched \$1.2667.

The dollar index, which measures the U.S. currency against the euro and a handful of other major peers, rose 0.10% to 106.56, edging further off a more than two-month low of 106.12 touched on Monday.

Elsewhere, the dollar was nearly flat at 149.17 against the yen, but not far off its weakest level since early December it hit against the Japanese currency earlier this week.

The Australian and New Zealand dollars were under pressure for a fifth straight session on Thursday after U.S. President Donald Trump targeted Europe in his global tariff war. The Aussie remained on the back foot, down 0.04% at \$0.6303 near a two-week low brushed in the previous session, while the New Zealand dollar was mostly unchanged at \$0.5696.

COMMODITIES

Gold prices edged higher on Thursday as concerns persisted over U.S. President Donald Trump's tariff plans, while investors awaited a key inflation report to assess the Federal Reserve's policy path.

Oil prices edged up from two-month lows on Thursday after U.S. President Donald Trump announced a reversal of a license given to Chevron to operate in Venezuela, potentially tightening crude supply.

ECONOMIC INDICATORS

Bond Curve



AWPLR %
 Week ending 02/21 **8.39**
 Week ago 8.42
 Year ago 11.61

AWDR %
 December **2024** 7.53
 November **2024** 7.59
 Year ago 11.64

T BILL%
3M 07.57
6M 07.87
1Y 08.35

INFLATION (%)
 (Base:2021=100)

	November 2024	December 2024	January 2025	Year ago
NCPI (YoY)	-1.7	-2.0	-4.0	6.5
NCPI (core)	1.5	1.3	-0.20	2.2
CCPI(YoY)	-2.1	-1.7	-4.0	6.4
CCPI (core)	2.7	2.7	1.2	2.2

CBSL reserves (USD) – Jan. 25"	6.065 Bn
CBSL T-bill/bond holding	2,511.92 Bn
Market liquidity	151.07 Bn
Foreign holding LKR bills/bonds	78.77 Bn

	O/N	1M	3M	6M	12M
USD SOFR	4.3300	4.3238	4.3132	4.2516	4.1200
EUR ESTR	2.6630	2.5350	2.3970	2.2410	2.0750
GBP SONIA	4.4547	4.4589	4.4230	4.3273	4.1883

TREASURY DIVISION
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